

BUDGET AND POLICY STATEMENT

THE DEPARTMENT OF WATER AND SANIATION, VOTE 41

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Hybrid Plenary Parliamentary Sitting

@23 July 2020

Honourable House Chair

Ministers and Deputy Ministers

Honourable Members of Parliament

Leadership of our Entities- Chairperson, Members of the Boards, CEOs
and Senior Executives

Leadership of various stakeholders in our sector and civil society

Esteemed Guests

Fellow South Africans

INTRODUCTION

1. Your Excellencies comrades and friends, we are lowering our revolutionary banner as the people of this country and our movement for the passing of Isithwalandwe/ Seaparankoe, Ubaba Andrew Mlangeni. He was our revolutionary and moral compass as a nation. May his gentle revolutionary spirit rests in eternal peace.
2. We pay our last respect to all those who lost the battle against this pandemic and salute more the frontline staff in its entirety who have succumbed whilst in the cause of saving humanity. We convey our sincere condolences to all the families and friends who have lost their loved ones. In the same vein we wish to convey our words of encouragement and well wishes to those that are infected and wish all of them speedy recovery.
3. Humanity across the globe is feeling scared and many countries the art of leadership is sharply questioned, and people are losing hope. We have a sense of a dark cloud hovering over our existence, can't breathe, feeling the eye on the storm being upon us.
4. Madiba words on hope in the midst of adversity strengthen us when he said: "*there were many dark moments when my faith in humanity was solely tested, but I would not and could not give myself up to despair. That way lies defeat and death.*"
5. We are fortunate in this country the way H.E. Cde. President Ramaphosa and government has been decisive and steering the ship through the storm. We commend him and the entire collective. Equally he has been in the forefront working with African leaders, the WHO, CDC for Africa in crafting an effective response for our continent as the current Chairperson of the African Union. If he had not acted timely the situation would be far worse. Our situation is precarious because decision making must consider our unique circumstances in saving lives whilst protecting livelihood.

Water Resource Infrastructure reigniting economic recovery and investment

6. Water resource infrastructure is part of network industries that should constitute the bedrock, a catalyst and enablers for economic recovery.
7. The ANC-led governments over the last 26 years had to expand access to services to many South Africans who were deliberately excluded, the population has grown substantially, increased levels of migration, urbanization and economic growth in terms of GDP compared to 1994. In addition, consideration must be placed in adapting to climate change imperatives and taking advantage of the technological advances in line with 4th industrial revolution.
8. For the economic rejuvenation, there is a need to prioritize infrastructure that promotes greater integration especially at a district, provincial, national levels and within the region. Network industries especially water resources and electricity through historic design are state monopolies with unintended consequences by stifling new entrants into this market and high cost.

WATER RESOURCES INFRASTRUCTURE CONTEXT

9. The National Water Policy directed us to ensure the management of quantity, quality and reliability of the country's water resources to achieve optimum, long-term, environmentally sustainable, social and economic benefit for the society from their use.
10. South Africa remains a water scarce country and is facing a challenge in the delivery of water and sanitation services caused by among other factors, insufficient water infrastructure maintenance and investment, recurrent droughts driven by climatic variation, inequities in access to water and sanitation, deteriorating water quality, and a lack of skilled water engineers, scientists, hydrologists, geo-hydrologists and resource economist, etc.

11. This crisis is already having significant impacts on economic growth and on the well-being of everyone in South Africa. This is exacerbated by climate change related impacts and the Covid-19 pandemic.
12. The evaporation rate is relatively high and as a country we do not have large rivers. Our country has a spatial availability of water that is unevenly spread with approximately 60 % of the river flow arising from 20% of our land.
13. We share the four main rivers with our neighbouring states within region. Regional cooperation is very crucial in our case because of the common source of water. Later this year we shall celebrate 20 years of ORASECOM-cooperation between Namibia, Botswana, Kingdom of Lesotho and South Africa.
14. The spatial availability of water has serious impact on development, access to infrastructure and services. This legacy is still visible wherein most urban and industrial development took place far from water source mainly due to occurrence of mineral wealth or deposits and deliberate political decisions taken by the apartheid regime. The focus on spatial transformation by the ANC led government is an important intervention to reverse this legacy of uneven development.
15. One country continues to have skewed water allocation with respect to certain water use sectors. The biggest proportion of water sources were mainly directed to irrigation sector estimated at 60%, domestic use about 30% and the remainder to industries, mines and afforestation. This trend is unsustainable in a country that has to cater for the reserve and international obligations in the midst of scarcity of the resource. In other water management areas, the water allocated has been far exceeded and to mitigate against this reality a large-scale transfer of water across the catchments has been implemented.

16. Due to population growth, migration, urbanization, and lack of infrastructure maintenance, we have experienced negative impact on the quality of the water resources.
17. Water quality continues to deteriorate at an alarming rate. Results indicate that the source of pollution emanates from the lack of or inadequate sanitation, return effluent from industries, mines, rural settlements, agricultural run offs, ground water, pollution human settlement activities, and mining. We have launched the antipollution task team and a number of operations have been carried out with other agencies. We are finalizing the Waste Discharge Charge System- part of the polluter pays principle.
18. To increase the availability of water source, as a country we adopted a water mix policy and a set of measures to ensure security of the source. One of these measures includes water reuse and, in our country, has added nearly 20% of water availability. Historically the economic centers of our country have experienced good and well managed water systems.
19. However South Africa has experienced major delays with respect to the planning, design and execution of a number of water resource projects due to lack of institutional capacity, corruption and financial constraints. Potentially those delays have negatively affected our economic growth prospects. These delays have caused cost escalations that are always associated with the input cost in the built environment as witnessed with our current challenges of security of energy.
20. Inadequate or lack of wastewater treatment and management of effluent discharges including agricultural and urban runoffs has impacted negatively to the health, environment, and economic risks. This is due to lack of technical capacity for operations and maintenance of Wastewater Treatment Plants and lack of enforcement capability by regulators.
21. Every drop of water counts and someone somewhere is looking for that water drop. Water use efficiency requires as to be prioritized to curb water losses from municipal distribution systems (network) and irrigated agriculture.

Infrastructure failure and service delivery protests are linked when citizens are frustrated by the unreliable supply.

22. As a country certain water use sectors are using more water than they need. We must change the culture and behavior by embracing water conservation and demand imperatives.

WATER RESOURCE INFRASTRUCTURE INTERVENTIONS

23. A new radical approach is required on water security to avert the looming crisis. Most water resources infrastructure in our country is not designed to meet the demands of increasingly volatile world that climate change is producing. The country's landscape requires a reconceptualization of infrastructure demands and needs to shake often accepted convention.

24. Whilst our economic prospects have been diminished by two major developments namely the downgrade of our country to below investment grade levels and the global pandemic of serious acute respiratory syndrome coronary virus, known as COVID-19 we have to adopt a flexible and responsive approach to water resources infrastructure where we have experienced unprecedented increased pressures on water demand, consumption and inflows.

WATER ALLOCATION

25. Water is a unique resource that underpins all drivers of growth whether its power generation, agriculture, industry, mines, manufacturing and domestic use. Water is the connector or link of all the economic sectors but we have to balance socio-economic imperatives and environmental interests. A decision to allocate more water to any one sector implies less water will be available for other economic uses, public water supply, other social services and environmental protection.

26. We need to ensure that the use of water for productive purposes is equitable, making sure that the governance of water is representative, and ensuring access to safely managed water and sanitation services for all by: Identifying

existing unutilised allocated water as well as alternative water sources (e.g. validation & verification, closing mines, government water schemes etc.) for transformation.

27. Implementing programmes on voluntary contributions from farmers for water reallocation in prioritised catchments and by investigating, revitalising, and refurbishing existing under-performing smallholder schemes.

28. The quantity and quality of water depends on the landscape. The current allocations in terms of water use by various sectors is unsustainable and some of these measures have to be implemented to promote socio-economic imperatives:

- a) Demand side measures to increase water availability and improve water use efficiency.
- b) Reallocation of water from lower to higher benefit uses by trading water use authorization without compromising the transformation imperatives.
- c) Supply side measures through construction of new dams, related water resource infrastructure, inter catchment and regional transfers.
- d) South Africa's growth hub, the Gauteng Province depends on the Integrated Vaal River System to meet its growth requirements, thus there is a need to implement water conservation and demand measures.
- e) Inter -catchment transfer will remain viable options to meet water needs for inland provinces.
- f) The city of Cape Town remains isolated from other catchments and inter catchment transfer is not a viable option. In terms of source development it will be critical to invest in developing surface water, exploit ground water, promote water re-use to increase the yield and embark in desalination which is the option for coastal areas.

EMPLOYMENT AND JOBS

29. The following areas can promote and contribute to job creation:

- a) Infrastructure Development Programs like regional bulk and municipal infrastructure. Employment of local and provide skills development and work experience (**technical and labour-intensive jobs**)
- b) Water conservation and demand management through Preventative and scheduled maintenance by fixing of leaks, retrofitting, and plumbing.
- c) Wastewater Treatment Turn around Program in reducing waste discharged into the environment by converting it for energy, agriculture and pharmaceuticals. Wastewater reuse is considered a key component of integrated water resource management because it constitutes two major functions: (i) it increases water supply, and so lessens the pressure on conventional natural resources; and (ii) it reduces pollution by discharging less untreated wastewater into the environment. In spite of these general benefits, the economics of wastewater reuse projects have been recognized as a significant challenge for their implementation
- d) Embark on Infrastructure Asset Management
- e) Programmers to promote water Resource Protection like clearing and cleaning of canals, rivers and dams.
- f) Investment in building the Capacity and Capability of the sector by investing in managers, technicians, engineers and planners for the current and future demands.
- g) Ensure reliability of supply and assurance for specific strategic economic sectors that have high value benefit in growing the economy whilst creating more jobs or employment opportunities like mining, agriculture, industry and tourism manufactures. These is part of indirect water jobs as the catalytic input.

WATER SECURITY AND MITIGATING SCARCITY

30. Water resource is not always in surplus and we need to optimize the use of the existing water resources water re-allocation to reduce the expensive importation of water. We need to explore to disruptive technologies to shift the way we value water and drive resilience across supply chains and ecosystems through:

- a) Development, operations, maintenance and refurbishment of eager resources infrastructure.
 - b) Regional bulk infrastructure roll-out
 - c) Support to historical disadvantage through water allocation reform
 - d) Reduce the demand by implementing water through water conservation and demand management
 - e) Fast-track and completion of all major water infrastructure delayed projects
 - f) Development of surface water sources through construction of new dams and transfers
 - g) Development and exploitation of ground water sources as per the national ground water report. Where possible implement artificial recharge wherein surplus water is stored underground by injecting water into boreholes and transfer across basins to minimize evaporation.
 - h) Promotion of water reuse to increase the yield beyond the current 20% contribution. Many cities across the globe depends on reuse water and the quality is high and fit for use. In our own country the quality is impacted by poor or lack of operations and maintenance of many municipal waste water treatment works.
 - i) Explore increasing desalination for the coastal areas. The cost of technology is slowly becoming affordable and the use of gas offers more opportunities to drive the costs down.
 - j) Management of acid mine drainage- mine closures or abandoned mines pollutions predates the National water act 36 of 1998. This water is available in MP, GP, NW, FS, KZN, NC if we embark of water reclamation and treatment
 - k) Water harvesting especially rainwater and fog harvesting to support irrigation and domestic use.
 - l) Use of technology
 - m) Infrastructure assets management
 - n) Multipurpose use of water resource infrastructure for power generation or hydropower, sports, culture and recreation and aquaculture.
31. The National Water and Sanitation Master Plan include key water resource development projects that are critical for balancing water supply and demand in the various systems throughout the country.

Renewals Backlog

32. This is also known as condition backlog is made up of asset components that are in poor and very poor conditions and need to be renewed but excluding those that are marked for disposal and those fully impaired due to under-utilisation.

33. The total CRC for the asset components constituting the NWRI's Renewal Backlog is about R31.057 billion (about R7.200 billion for Northern Operations; R803.495 million for Eastern Operations; R4.636 billion for Southern Operations; and R18.417 billion for Central Operations). These figures excludes municipal infrastructure (Distribution network raw and waste) with respect to replacement, refurbishment, operations and maintenance to eliminate infrastructure and reliability of service.

Upgrades Backlog

34. This is made up of asset components that are exceeding design capacity in utilisation, but excluding those that are marked for disposal and those fully impaired. The total CRC for the asset components constituting the Upgrades Backlog for NWRI is about R7.866 billion (about R5.526 billion for Northern Operations; R700.944 million for Eastern Operations; R17.280 million for Southern Operations; and R1.622 billion for Central Operations).

35. These asset components (which are mainly dams, pipelines, and canals related) need to be upgraded to avoid stress related failures, and to ensure the country meets the required level of service.

New Water Resource Infrastructure

36. These projects must be timeously implemented to enhance water security and the revival of SA's economy. The funding requirement for these projects is about R126 Billion Rands in the next ten (10) years. Some of the projects are:
- a) Phase 2 of the Lesotho Highlands Water Project (LHWP 2) for Gauteng and Surrounding Areas – Construction of Polihali Dam and Associated Tunnel to Katse Dam
 - b) Phase 2A of Mokolo Crocodile (West) Water Augmentation Project (MCWAP 2A) for the Lephalale Area in Limpopo
 - c) Olifants Water Resource Development Project (ORWDP) Phases 2B, 2D, 2E and 2F for Sekhukhune, Polokwane and Surrounding Areas in Limpopo
 - d) Phase 1 of uMkhomazi Water Project for eThekweni, uMgungundlovu, Msunduzi and Surrounding Areas in KwaZulu-Natal – Construction of a Dam at Smithfield, Tunnel and Associated Water Infrastructure
 - e) Berg River – Voelvlei Augmentation Scheme (BRVAS) for the City of Cape Town and Surrounding Areas in the Western Cape.
 - f) Mzimvubu Water Project for Areas in OR Tambo, Joe Gqabi and Alfred Nzo in the Eastern Cape.
 - g) Groot Letaba Water Augmentation Project – Raising of Tzaneen Dam and Construction of Nwamitwa Dam in Limpopo.
 - h) Koopnap River Water Resource Development Project – Construction of Foxwood Dam near Adelaide in the Eastern Cape.
 - i) Lusikisiki Water Augmentation Project – Construction of the proposed Zalu Dam in the Eastern Cape.
 - j) Olifants-Doorn Water Resource Development Project – Raising of Clanwilliam Dam and Associated Betterment of Conveyance Infrastructure in the Western Cape.

CONCLUSION

37. The words of the Director General of the World Health Organization, Dr. Tedros Ghebreyesus are a stark reminder of the importance of leadership and collective action when he said:” *COVID-19 remains public health enemy number one, but actions of many governments and people don’t reflect this. It should not be this way. Every single leader, government and person can do their bit to break the chains of transmission and collective suffering.*”
38. The water security question in South Africa is invariably linked to food and energy security and as evident in the COVID response strategy, to the health and infection control in the era of the pandemic.
39. We need to promote collaborations to identify and scale up public private investments to accelerate implementation projects aimed in achieving sustainable development goal (SDG 6) on water and sanitation. Water is essential to life. We need to work hard to bring safe and sanitation to all. Let’s provide families with hope, health and the opportunity to break the cycle of poverty, unemployment and reducing inequality.
40. As this generation we have a lot to carry with our broad shoulder like Madiba did with his generation. Let us better the planet earth for the future generations despite the current challenges we face. Madiba continues to inspire us through his words when he said: “*sometimes it falls upon a generation to be great. You can be that great generation*”. We are indeed this generation and we dare not fail. Our existence is for a mission that we gave to fulfill and we shall make mistakes along the way.
41. God bless South Africa her sons and daughters
42. I thank you!